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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2003 AND ENDING 12/31/2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Northern Securities, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

3003 Hamel RoadP.O. Box 275

(No. and Street)

MEDINAMN55340-0275

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

DOUGLAS F. OTTEN952-475-0633

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Copeland Buhl & Company P.L.L.P.

(Name - if individual, state last, first, middle name)

800 East Wayzata Blvd. Wayzata MN 55391-1766

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 03 2004

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THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, DOUGLAS F. OTTEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Northern Securities, Inc., as of 12/31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Signature

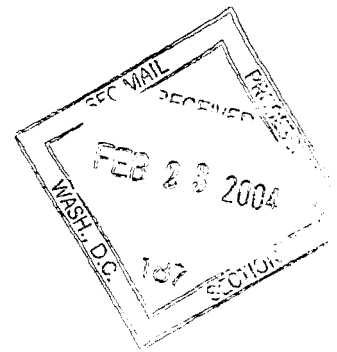
Title

Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

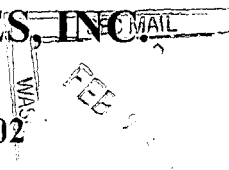
**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**Financial Statements and Report of
Independent Certified Public Accountants**

NORTHERN SECURITIES, INC.

December 31, 2003 and 2002



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Report of Independent Certified Public Accountants

Board of Directors

Northern Securities, Inc.

Wayzata, Minnesota

We have audited the accompanying statements of financial condition of Northern Securities, Inc. as of December 31, 2003 and 2002, and the related statements of operations and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Securities, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the computation of net capital is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Copeland Buhl & Company P.L.L.P.

COPELAND BUHL & COMPANY P.L.L.P.

February 2, 2004

NORTHERN SECURITIES, INC.
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
Current Assets:		
Cash and equivalents	\$ 11,145	\$ 8,597
Concessions receivable	7,707	5,115
Prepaid expenses		2,010
Total Current Assets	<u>18,852</u>	<u>15,722</u>
Office Equipment, at Cost	11,928	11,928
Less: accumulated depreciation	<u>10,531</u>	<u>9,748</u>
Net Office Equipment	<u>1,397</u>	<u>2,180</u>
 TOTAL ASSETS	 <u>\$ 20,249</u>	 <u>\$ 17,902</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:		
Commissions payable	\$ 5,950	
Due to stockholder		\$ 2,500
Stockholder's Equity:		
Common stock - no par value; 100 shares authorized, issued and outstanding	1,000	1,000
Paid in capital	17,983	17,983
Accumulated deficit	<u>(4,684)</u>	<u>(3,581)</u>
Total Stockholder's Equity	<u>14,299</u>	<u>15,402</u>
 TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	 <u>\$ 20,249</u>	 <u>\$ 17,902</u>

See notes to financial statements.

NORTHERN SECURITIES, INC.
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
YEARS ENDED DECEMBER 31

	<u>2003</u>	<u>2002</u>
Revenues	\$ 63,590	\$ 41,379
Operating Expenses:		
Officer salary	28,050	6,800
Payroll taxes	1,850	586
Employee benefits	7,861	2,697
Auto lease	6,300	6,825
Regulatory fees	5,305	734
Utilities	2,946	2,509
Auto expenses	2,769	4,663
Professional services	2,005	3,014
Office expense	1,630	768
Meals and entertainment	1,275	1,461
Advertising	1,039	1,227
Dues and subscriptions	871	953
Depreciation	783	783
Supplies	751	568
Bonding fees	369	403
Postage	346	473
Rent		7,282
Charitable contributions		297
Miscellaneous expense	543	537
Total Operating Expenses	<u>64,693</u>	<u>42,580</u>
Net Loss	(1,103)	(1,201)
Accumulated Deficit - Beginning of Year	<u>(3,581)</u>	<u>(2,380)</u>
Accumulated Deficit - End of Year	<u>\$ (4,684)</u>	<u>\$ (3,581)</u>

See notes to financial statements.

NORTHERN SECURITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31

	<u>2003</u>	<u>2002</u>
Cash Flows from Operating Activities:		
Net loss	\$ (1,103)	\$ (1,201)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	783	783
Loss on investments		1,890
(Increase) decrease in concessions receivable	(2,592)	722
(Increase) decrease in prepaid expenses	2,010	(1,142)
Increase in commissions payable	5,950	
Net Cash Provided by Operating Activities	5,048	1,052
Cash Flows From Investing Activities:		
Purchases of marketable securities		(8,726)
Proceeds from sale of marketable securities		16,995
Net Cash Provided by Investing Activities		8,269
Cash Flows From Financing Activities:		
Net repayments to stockholder	(2,500)	(1,500)
Net Increase in Cash and Equivalents	2,548	7,821
Cash and Equivalents - Beginning of Year	8,597	776
Cash and Equivalents - End of Year	<u>\$ 11,145</u>	<u>\$ 8,597</u>

See notes to financial statements.

NORTHERN SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

Note A: Significant Accounting Policies

Nature of Operations

The Company is a broker and dealer of securities. Its principal market is the Minneapolis/St. Paul metropolitan area.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Office Equipment

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. For financial reporting purposes, the straight-line method of depreciation is followed. For tax reporting purposes, accelerated methods of depreciation are followed for all assets.

Expenditures for maintenance and repairs are charged to operations when the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

Income Taxes

The Company provides for income taxes based on income reported for financial reporting purposes. Certain charges to earnings differ as to timing from those deducted for tax purposes; these relate primarily to accumulated depreciation. The tax effects of these differences are recorded as deferred income taxes.

NORTHERN SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

Note B: Income Taxes

At December 31, 2003, the Company's provision for income taxes and the deferred tax asset and liability balances were zero.

Cash payments for income taxes during the years ended December 31, 2003 and 2002 were zero.

Note C: Pension Plan

The Company sponsors a money purchase and profit sharing plan covering all employees. Company contributions are voluntary and at the discretion of the Board of Directors. The Company made no contributions to the plan in 2003 and 2002.

SUPPLEMENTAL INFORMATION

NORTHERN SECURITIES, INC.
COMPUTATION OF NET CAPITAL
DECEMBER 31

	<u>2003</u>	<u>2002</u>
Net Capital:		
Total Stockholder's Equity	\$ 14,299	\$ 15,402
Less:		
Haircuts on securities, \$9,727 x 2% and \$8,269 x 2%, respectively	(195)	(165)
Net office equipment	<u>(1,397)</u>	<u>(2,180)</u>
Net Capital	<u>\$ 12,707</u>	<u>\$ 13,057</u>
Aggregate Indebtedness	<u>\$ 5,950</u>	<u>\$ 2,500</u>
Ratio: Aggregate indebtedness to net capital	<u>.5</u>	<u>.2</u>